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Market Brief - Product

India : A \$250 Million Pulse Market

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New Delhi [IN1], IN

Table of Contents

Markets for a Variety of Pulses	Page 2 of 10
Regional Preferences Differ	Page 4 of 10
A Consistent Importer But No Product Loyalty	Page 4 of 10
What is In it For US Exporters?	Page 6 of 10
Opportunities and Challenges Ahead	Page 6 of 10
Annexure I : Leading peas/pulses importers in India	Page 8 of 10
Annexure II : Major Supermarkets	Page 10 of 10

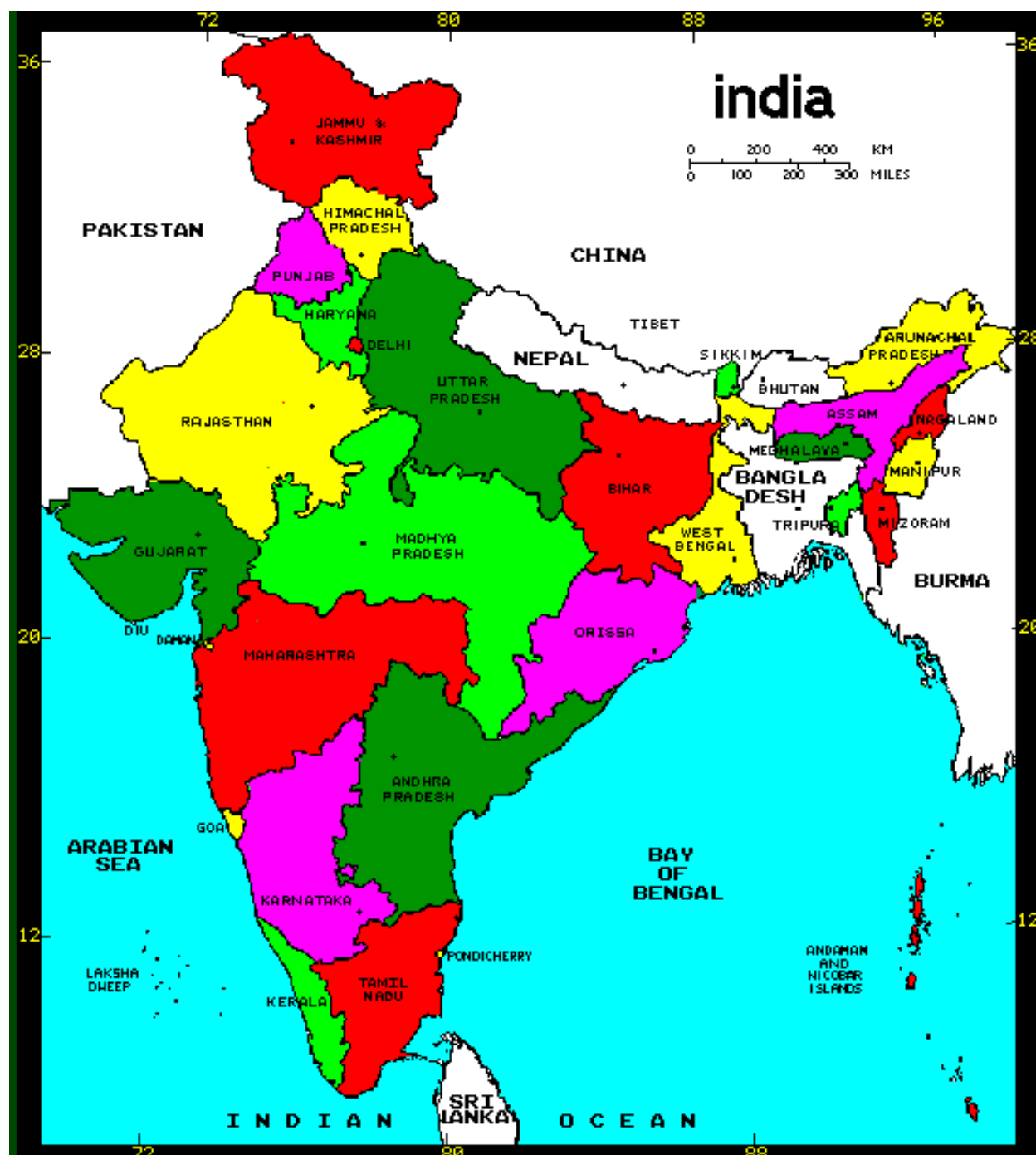
Pulses form an important part of the Indian diet, and are a major source of protein for a majority of the population. They are consumed both by both rich and poor. However, per capita consumption has been declining as production has not kept pace with the growing population. Per capita availability is currently 38 grams/day, only half the level in the early 1960's.

India is still the world's largest producer of pulses and yet is also the largest importer with production having stagnated at around 12-14 million tons. The success of high yielding wheat and rice varieties and the government support prices they receive, have encouraged farmers to shift planted area from pulses to wheat and rice. To meet increasing domestic demand, India has consistently turned to the world market.

Markets for a Variety of Pulses

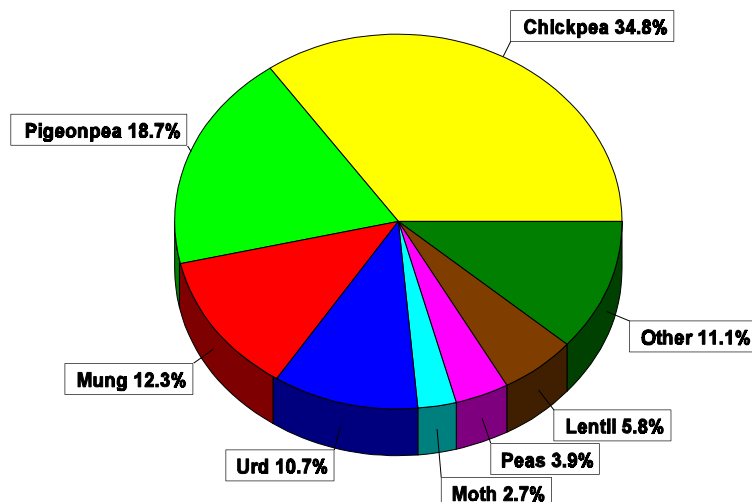
Due to its varied agro-climatic conditions and food habits, India produces and imports over a dozen types of pulses.

- Chickpeas or Garbanzos: Locally known as gram or channa. Average annual production of 4.6 mmt accounts for 35 percent of total pulse production. Includes mostly small black varieties (kala chana) and some bold white types (kabooli channa). These are mainly grown in Madhya Pradesh, Uttar Pradesh, Rajasthan, Maharashtra and Haryana during the winter season.
- S Pigeon peas: Locally known as red gram, tur or arhar is the second largest pulse crop (2.5 mmt) accounting for 20 percent of production. Grown mainly in Maharashtra, Uttar Pradesh, Gujarat, Madhya Pradesh and Karnataka during the kharif season (fall and early winter harvested).
- S The Phaseolus Group: Includes green gram(mung beans), black gram (urd or black matpe), and moth beans with a combined production of 3.4 mmt accounting for 25 percent of total pulse production. Grown in most parts of the country during both the summer and winter season.
- S Lentils: Locally known as masoor are grown mainly in Uttar Pradesh and Madhya Pradesh in winter. Annual production averages 750,000 mt.
- S Peas: Grown mostly in Uttar Pradesh, Madhya Pradesh and Bihar during the winter months. Annual production is around 500,000 mt.
- S Beans: Mainly lobia (black-eyed beans) and small quantities of rajma (red or black kidney beans) and navy beans. Black-eyed beans are grown in most parts of the country, mainly during the rainy season (June - September).
- S Other: Includes horse gram (kulthi), chickling vetch (khesari) with a total annual production of around 1.0 mmt, consumed mostly in rural areas.



SOURCE : Based upon Survey of India Map

Variety of Pulses Grown



Regional Preferences Differ

Pulses, mostly split, are generally cooked and served as dhal along with rice or traditional Indian breads. The preference for pulses varies from region to region and even from state to state.

Chickpeas and its products have a universal appeal although a major share of consumption is in north India. The chickpea flour (basan) is used in the preparation of various snack foods. Pigeon peas and urd (black matpe) consumption is mostly in south India as they form major constituents of traditional south Indian dishes and snack foods such as Sambar, Idli, Dosa and Vada. Urd and mung bean flour form ingredients in several snack food items such as papad (a kind of wafer) and bari (spiced balls of ground pulses). Peas are cooked and eaten as a snack food, or used as fillers in traditional snacks like samosa. Lentils are generally cooked and served as dhal along with rice, popular mostly in eastern and northern states. Fried dhal (cooked pulses savored with fried onion and spices) is an indispensable entree in roadside “dhabas” (eating places) as well as in luxury hotels and restaurants.

A Consistent Importer But No Product Loyalty

In order to augment domestic availability of pulses, the government of India began to allow import of pulses under Open General License (without licensing or other quantitative restrictions) since 1979. Although an import duty ranging from 5 to 35 percent was in place since 1987, following the steep hike in prices of pulses and other food items in 1998, the government abolished the import duty on pulses in November 1998. Pulse imports in the past have ranged from 300,000 mt to 800,000 mt/year. Imports were 690,000 (valued at \$250 million) in 1996/97 (April/March) and 660,000 mt valued at \$225 million in 1997/98 making pulses the fourth largest agricultural import item after vegetable oils, wood and wheat.

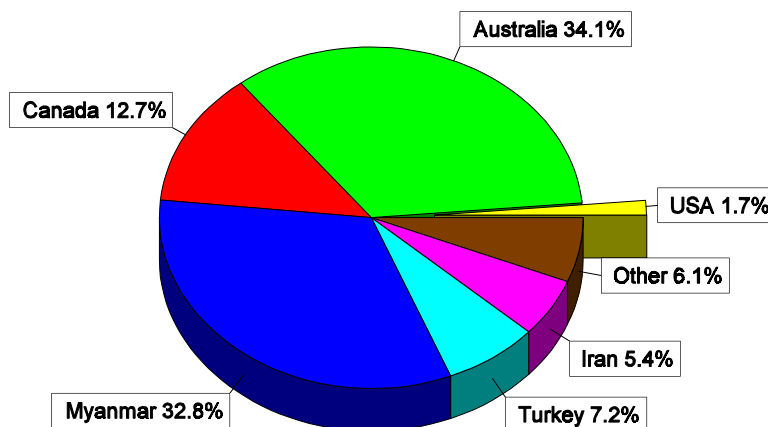
Historically, chickpeas have consistently been the largest single pulse imported but in recent years peas have emerged as the major import item. Other imports include mung beans, urd (black matpe), lentils, pigeon pea, black-eyed beans and kidney beans. The domestic pulse trade is flexible and open to exploring non-traditional pulses and suppliers, if the price is attractive and the product can fit into the Indian diet. Annual imports of particular pulses have varied by tens of thousands of tons annually, as the trade responds to price shifts. The recent upsurge in pea import is an example, which occurred mainly in response to larger availability of peas from Canada at lower prices. While this underscores the potential for large increases in pulse imports in a year of low world prices, there is also the downside of greatly diminished import levels when prices rise.

Pulse Imports by Type in 1996/97 Metric Ton		
Type	Quantity	Major Supplier
Peas	154,530	Canada, Australia, Myanmar Hungary, Tanzania, USA
Chickpea	129,500	Australia, Turkey, Myanmar, Iran, Tanzania
Pigeonpea	138,720	Myanmar, Singapore, Malawi
Lentil	66,485	Syria, Turkey, Nepal, Singapore
Mung beans	50,560	Myanmar, Singapore
Urd	21,195	Myanmar, Thailand, Singapore
Kidney beans and Peabeans	19,745	Myanmar, China, Tanzania
Other Beans	112,265	Myanmar, Australia, Singapore, Malawi
Total	693,000	

The pulse import trade is mostly concentrated in Bombay (which accounted for 72 percent of imports in 1997/98) followed by Calcutta and Madras. Imports are contracted by roughly two dozen traders. Typically two or more importers share one container load. A list of leading pulse importers is given in Annexure I. Some importers directly market the product, while a majority sell to wholesalers, who then sell to retailers. A major share of pulses is marketed in split form. In urban markets around 50 percent of the pulses are sold in loose form, the rest in plain poly packs. Branding is almost non-existent. Product quality varies from bag to bag and from shop to shop. In rural markets most sales is in loose form.

Who Shares the Indian Pulse Pie?

1997/98 Imports : \$225 Million



What is In it For US Exporters?

India was an important market for U.S. dry green peas with annual imports reaching as high as 40,000 mt in 1989/90. However, increased competition from New Zealand and Hungary and later Canada eroded the US market share. Canada's ability to supply peas at a considerable discount to US peas and its ability to ship in bulk have strengthened its position. US peas are typically shipped in containers making them more costly. There is a potential for growth in the market for various types of beans, particularly chickpeas, black-eyed beans and kidney beans, provided pricing and quality are competitive.

Opportunities and Challenges Ahead

As pulses are predominantly a food of low and low-middle income consumers, price will be key in determining market share. As India will continue to be a major importer of pulses for years to come, US producers may want to expand pulse cultivation in order to achieve economy of scale as Australia and Canada did. The possibility of shipping pulses (peas) in bulk rather than in containers should also be explored, which should help to bring down the delivered price in India.

Upper- and middle- income families in metropolitan cities increasingly purchase their food needs at modern supermarkets instead of traditional corner grocery stores. Steady growth in the number of supermarkets is occurring in and around major cities like Delhi, Mumbai (Bombay), Chennai (Madras) and Bangalore. This has opened up a niche market for various imported food items such as Pillsbury Cake Mix, Giant Canned Sweet Corn, Tabasco sauce etc. There is a potential for the sale of U.S. canned peas and beans to India, especially through supermarket chains. The

U.S. Dry Pea and Lentil Council is working to target upscale consumers who patronize India's fledging supermarket industry. A list of major Indian Super Market Chains is given in Annexure II.

India's hotel trade has also emerged as an important niche market for high value foods. Hotels are a key end-user for imported foods, ingredients and beverages. Even though the growth of hotel industry has slowed in recent years, overall hotel and restaurant demand has remained strong. Imports for this market is estimated at \$10 million year. This segment offers U.S. pulse exporters the chance to supply some of the more highly specialized products that are not locally available. The Foreign Agricultural Affairs office is planning to organize a US Food Festival in collaboration with a leading Hotel Chain, which can provide an opportunity for promoting US pulse based menu.

Annexure I : Leading peas/pulses importers in India

Mr. K. C. Bhartiya
Bhartiya Agro Mercantile Pvt. Ltd.
Mani Mahal, 4th Floor
353 Kalbadevi Road
Mumbai - 400 002
PHONE: 91-22-201 3132/2056768
FAX: 91-22-2082116

Mr. S. L. Bheda
Bheda Brothers
301 Marine Chambers
43 New Marine Lines
Mumbai - 400 020
PHONE: 91-22-20532285/2053223
FAX: 91-22-2088403

Mr. Ramesh Kumar Agarwal, Director
R. Piyarelall Import & Export Limited
12 Government Place (East)
Calcutta - 700 069
PHONE: 208521/205907
FAX: 033-209939

Mr. P. M. Chheda
Mulji Devshi Trading & Finance Limited
116 Keshavji Naik road
Mumbai - 400 009
FAX: 91-22-3738480
PHONE: 91-22-3761733/1056

Mr. Suresh Kumar Agarwal
R. Piyarelall Group of Companies
1102, Embassy Center
Nariman Point
Bombay - 400 021
PHONE: 91-22-2832022/2831811
FAX: 91-22-2822275

Mr. Shewantibhai
Great Eastern Shipping CO. Ltd.
93-95 Sugar House
Kazi Sayed Street
Mumbai - 400 003
PHONE: 91-22-3425404/7432
FAX: 91-22-3422173

Mr. Bimal Kothari
Kothari Global Limited
Mittal Court 'B' Wing
133, 13th Floor
224 Nariman Point, Mumbai - 400 021
PHONE: 91-22-2875249/2875250
FAX: 91-22-2972430

Mr. Sanjay Nanjee Shah
Premji Ghellabhai & Co.
3 Chinch Bunder
Mumbai - 400 009
PHONE: 91-22-3762945/3100
FAX: 91-22-4951837/3738394

Mr. Pravin Dongre
Andagro Services Pvt. Ltd.
501 Dalamal House
Nariman Point
Mumbai - 400 021
PHONE: 91-22-2852863/2850758
FAX: 91-22-2850759

Mr. Prafull Khandhar
Jawahar Trading Co.
315/316 Vyapar bhawan
49 P.D. Mello Road
Mumbai - 400 009
PHONE: 91-22-3725657/3766510
FAX: 91-22-3739393

Mr. Lajpat Rai, Partner
Commodity International
4101/4157 Naya Bazar
Delhi - 110 006
FAX : 91-11-2916676

Mr. F. C. Jindal
Faqirchand Vinod Kumar & Co.
4094 Naya Bazar
Delhi - 110 006
PHONE: 91-11-2917301/2519537
FAX : 91-112941404/2930338

Mr. G.N. Dalal
Kantilal & Co. (Bombay)
Janmabhomi Bhavan
11/12, Janmabhoomi Marg, Fort
Mumbai - 400 001
PHONE: 91-22-2828600/2828787
FAX: 91-22-2828888/2823441

Mr. Mansukhlal L. Vasa
L. D. Brokerage & Co.
512/16 Rewa Chambers
31 New Marine Lines
Mumbai - 400 020
PHONE: 91-22-2014266/4313
FAX : 91-22-2062901

Mr. Faqir Chand Jindal, Director
Sharp International
4094 Naya Bazar
Delhi - 110 006
PHONE: 2917301/2512481
FAX : 2928844

Mr. Vinod Khurana
Gem Mercantile Ltd.
504 Arunachal Building
19 Barakhamba Road
New Dlehi - 110 001
PHONE: 91-11-3721144/3721199
FAX: 91-11-3717229

Mr. M. L. Kothari
Kothari Trading Co.
69 Bag Diwar, Fatehpuri
Delhi - 110 006
PHONE: 2525811/2528887

Mr. Ajay Kumar Chawla
Amira Traders
4067 Naya Bazar
Delhi - 110 006
PHONE: 91-11-2514278/2923738
FAX: 91-11-2930960

Mr. Deepak Jain, Director
Navjivan Gawar Gum & Dal Mill
4141 Naya Bazar
Delhi - 110 006
PHONE: 2514122/2510338
FAX : 2514122

Mr. Sunil Sawla
Lakhamsi Ghellabhai & Co.
505 Churchgate Chambers
5 New Marine Lines
Mumbai - 400 020
PHONE: 91-22-2625077/78
FAX : 91-22-2615907

Mr. Sanjay V. Agarwal, Manager
Anjani Commercial Corporation
67 Bajaj Bhawan
Nariman Point
Mumbai - 400 021
PHONE: 022-2023306
FAX : 022-2020424

Mr. Jai Prakash, Partner
Ramji Lal Rajinder Prasad
4066 Naya Bazar
Delhi - 110 006
PHONE: 2525338/2918338
FAX: 7223406

Mr. Mulraj Tanna
Jamnadas Madhavji International Ltd.
Tanna House, Ground Floor
11/A, Nathalal Parkeh Marg
Mumbai - 400 039
PHONE: 91-22-2021829
FAX: 91-22-2022141

Annexure II : Major Supermarkets

M/s Nanz
A-39 Mohan Co-Operative Industrial Estate
Mathura Road
New Delhi - 110 004
PHONE : 91-11-6943894/95/96
FAX : 91-116943897 M/s

M/s Modern Bazar
Vasant Lok, Vasant Vihar
New Delhi - 110 057
PHONE : 91-11-6148729

Nilgiris Dairy Farm Limited
171 Brigade Road,
Bangalore - 560 001
PHONE: 91-080-5588401
FAX: 91-080-5585348

M/s Mattson's Super Market
25 CMH Road, Indiranagar
Bangalore - 560 038
PHONE : 91-080-5571740/55416776

M/s Food World
169 Spencer's Building, Anna Salai
Chennai - 600 002
PHONE: 91-44-8523611

M/s Vitan Super Market
172 L.C. Road,
Chennai - 600 004
PHONE : 91-44-4990565

M/s Food World
M.G. Road
Bangalore - 560 001
PHONE : 91-080-5591426
FAX : 91-080-5091486

M/s Chintamani Co-Op Supermarket
106, Anna Nagar
Chennai - 600 004
PHONE: 91-44-6382073/6212202

M/s YESES Super Market
T 101 Road Avenue, Anna Nagar
Chennai - 600 002
PHONE: 91-44-621561/6213320

Super Needs
Jubilee Hills
Hyderabad
PHONE: 91-40-248430

M/s Koshy's Department Store
39 St. Marks Road,
Bangalore - 560 001
PHONE: 91-080-2213793

Rustom &Co
62 Chawla House
Wode House Road
Colaba, Mumbai - 400 045
PHONE: 91-22-2181292/2187803
FAX: 91-22-2189993

M/s Queen's Super Market
31/1 Ranka Chambers,
Cunningham Road
Bangalore - 52
PHONE: 91-080-2203176

Radhakrishna Food Land Pvt. Ltd.
Mermaid, Juhu Tara Road
Mumbai - 400 009
PHONE: 91-22-6320842/6320843
FAX: 91-22-6320844